

Rental and Lease of Equipment

Section 4:12 Revised 01/01/2001

All requests for rental and lease should be forwarded to the Purchasing Department on a Purchase Requisition.

The request should be accompanied by a memorandum explaining the need for lease or rental rather than purchase; a copy of the proposed lease agreement, if available; and any other communication available concerning the request. The Purchasing Department will review the request and take necessary action consistent with standard purchasing procedure. Total dollar value of the item determines the competitive requirements to which the transaction will be subjected.

Lease agreements are for a definite period of time, usually one to three years, and cannot be cancelled during the life of the lease. However, a lease may be entered into with the option to purchase the equipment during the life of the lease or at the end of the lease period. If it is determined that the equipment will be needed on a continuing basis, it is usually more economical to exercise the option to purchase, provided funds are available.

Rental agreements are similar to lease agreements, except that rental agreements are normally for an indefinite period and can be terminated by the rentee after giving notice, usually thirty days in advance. The initial cost of some equipment is so great that when this type of equipment is required it may be more economical to rent on a continuing but indefinite basis. Also, new, updated versions of this type of equipment are constantly placed on the market, making it unwise to invest large sums in equipment which may soon be obsolete.